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KEKER & VAN NEST, LLP
DARALYN J. DURIE - #169825
DAVID J. SILBERT - #173128
DAN JACKSON - #216091
710 Sansome Street
San Francisco, CA 94111-1704
Telephone: (415) 391-5400
Facsimile: (415) 397-7188
ddurie@kvn.com
dsilbert@kvn.com
djackson@kvn.com

Attorneys for Defendants
COMCAST CABLE COMMUNICATIONS LLC
and INSIGHT COMMUNICATIONS, INC.

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA – SAN JOSE DIVISION

In re ACACIA MEDIA TECHNOLOGIES CORPORATION	Case No. C-05-01114 JW **DEFENDANTS' MOTION FOR PARTIAL SUMMARY JUDGMENT OF INVALIDITY AND NONINFRINGEMENT OF ALL CLAIMS OF THE '702 PATENT** Date: June 2, 2006 Time: 9:00 a.m. Courtroom: 8, 4th Floor Judge: Honorable James Ware

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NOTICE OF MOTION AND STATEMENT OF RELIEF SOUGHT

Defendants[1] hereby give notice that on June 2, 2006 at 9:00 a.m., they will and hereby do move, pursuant to Federal Rule of Civil Procedure 56 and Civil Local Rule 56-1, for partial summary judgment of invalidity and noninfringement as to all claims of U.S. Patent 6,144,702 ("the '702 patent").

INTRODUCTION

In its December 7, 2005 Markman Order ("*Markman II*"), this Court reaffirmed its prior ruling that the terms "sequence encoder" and "identification encoder" are indefinite. *Markman II* at 6-18. One or both of those terms occurs, directly or by incorporation, in every claim of the '702 patent.

Likewise, in its *Markman II* Order, the Court reaffirmed its prior ruling that the term "transmission system at a first location" means "a transmission system at one particular location separate from the location of the reception system." *Markman II* at 3. This term, too, occurs directly or by incorporation in every claim of the '702 patent.

The consequences of these rulings are undisputed. As Acacia has repeatedly admitted, they "render all of the claims of the '702 patent (1-42) indefinite, and therefore invalid, under 35 U.S.C. § 112, ¶ 2," and further, "render all of the claims of the '702 patent (Claims 1-42) not infringed by the transmission systems made, used, or sold by the defendants in this case." Acacia's Jan. 20, 2006 Mem. at 2:6-15. Thus, there is and can be no genuine dispute that all of the claims of the ‘702 patent are invalid and not infringed under the Court’s constructions, and that Defendants are entitled to judgment as a matter of law. This Court should therefore grant partial summary judgment of invalidity and noninfringement as to all claims of the ‘702 patent.

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[1] The following defendants join in this brief: Comcast Cable Communications LLC; Insight Communications, Inc.; EchoStar Satellite LLC; EchoStar Technologies Corp.; The DIRECTV Group, Inc.; Cable One, Inc.; Mediacom Communications Corporation; Bresnan Communications; Cequel III Communications I, LLC (dba Cebridge Connections); Charter Communications, Inc.; Armstrong Group; Block Communications, Inc.; East Cleveland Cable TV and Communications LLC; Wide Open West Ohio LLC; Massillon Cable TV, Inc.; Mid-Continent Media, Inc.; US Cable Holdings LP; Savage Communications, Inc.; Sjoberg's Cablevision, Inc.; Loretel Cablevision; Arvig Communications Systems; Cannon Valley Communications, Inc.; NPG Cable, Inc.; Coxcom, Inc.; Hospitality Network, Inc.; Ademia Multimedia LLC, ACMP, LLC, AEBN, Inc., Audio Communications, Inc., Club Jenna, Inc., Cyber Trend, Inc., Cybernet Ventures, Inc., Game Link, Inc., Global AVS, Inc., Innovative Ideas International, Lightspeed Media Group, Inc., National A-1 Advertising, Inc., New Destiny Internet Group LLC; VS Media, Inc.; ICS, Inc.; AP Net Marketing, Inc.; International Web

BACKGROUND

The Court first made the rulings that underlie this motion nearly two years ago, in its Order of July 12, 2004 (*“Markman I”).* In that Order, after extensive briefing and four days of oral argument, the Court tentatively held that the terms “identification encoder” and “sequence encoder” in the ‘702 patent are indefinite. *See Markman I* at 31-36. It further held that the term “transmission system at a first location” means “a transmission system at one particular location separate from the location of the reception system.” *Id.* at 29-31. With respect to the two indefinite terms, the Court invited the defendants in the case at that time (the Internet defendants) to file a motion for summary judgment, which they did. *See id.* at 34, 36. The parties fully briefed the motion, and Acacia submitted lengthy declarations by Dr. Peter Alexander and Mr. S. Merrill Weiss, along with hundreds of pages of exhibits.

While that summary judgment motion was pending, however, the case against the Internet defendants was consolidated as a multi-district litigation with cases against many other defendants in the cable and satellite industries, and the Court invited all parties, including Acacia, to move to reconsider any of the Court’s *Markman I* rulings. Acacia moved to reconsider the Court’s rulings on “sequence encoder,” “identification encoder,” and “transmission system at a first location.” The parties filed additional claim-construction briefs and deposed one another’s experts, and on September 8 and 9, 2005, the Court held another two days of hearings, including a full day of testimony from Acacia’s expert, Mr. Weiss. After the hearing, the parties submitted yet another round of post-hearing briefs.

After considering the voluminous evidence and argument presented by the parties, on December 7, 2005, the Court reaffirmed its rulings that “sequence encoder” and “identification encoder” are indefinite, and also reaffirmed its construction of “transmission system at a first

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Innovations, Inc.; and Offendale Commercial BV, Ltd.

location." *See Markman II* at 3, 6-18. The Court invalidated all the independent claims of the '702 patent, claims 1, 17, and 27, as well as dependent claim 32, due to its indefiniteness ruling, but invited further briefing on whether its ruling rendered all of the remaining dependent claims invalid as well. *Id.* at 18.

Accordingly, Defendants prepared a motion demonstrating that, indeed, all of the remaining claims of the '702 patent are also invalid for indefiniteness based on the Court's determination that "sequence encoder" and "identification encoder" are indefinite. Before filing that motion, on January 5, 2006, counsel for defendant Comcast wrote to Acacia's counsel to inquire whether a motion would even be necessary, or whether Acacia would simply stipulate that the effect of the Court's ruling is to invalidate all claims of the '702 patent. Declaration of Dan Jackson ("Jackson Decl.") Ex. A. Acacia's counsel responded on January 13, 2006, and offered to stipulate to the entry of summary judgment of invalidity of all claims of the '702 patent on the basis of indefiniteness, and to summary judgment of noninfringement of all claims of the patent on the basis of the Court's construction of "transmission system at a first location." *Id.* Ex. B.

The parties then exchanged drafts of a proposed stipulation, but they failed to agree on a final version because Acacia insisted that the stipulation also provide for certification of the judgment under Federal Rule of Civil Procedure 54(b). *See id.* ¶ 6; Exs. C-E. Thus, Acacia filed its *own* motion for entry of judgment of invalidity and noninfringement of the '702 patent, along with a request that the Court certify the judgment for immediate appeal under Rule 54(b).

In its brief, Acacia conceded that the effect of the Court's rulings—now reaffirmed after extensive reconsideration—is to render all of the claims of the '702 patent both invalid and not infringed:

> The effect of this Court's finding that the term 'sequence encoder' in claims 1, 17, 18, and 32 is indefinite and finding that the term 'identification encoder' in claims 1, 17, and 27 is indefinite, if upheld on appeal, would be to render **all of the claims of the '702 patent (1-42) indefinite, and therefore invalid, under 35 U.S.C. § 112, ¶ 2**. Further, the effect of the Court's construction of the phrase "transmission system at a first location" in Claims 1, 17 and 27 of the '702 patent as meaning "a transmission system at one particular location separate from the

> location of the reception system," if upheld on appeal, would be to render **all of the claims of the '702 patent (Claims 1-42) not infringed by the transmission systems made, used, or sold by the defendants in this case**.

Acacia's Jan. 20, 2006 Mem. at 2:6-15 (emphases added).

Because Acacia conceded, in its own motion, that the Court's *Markman II* Order renders all claims of the '702 patent both invalid and not infringed, Defendants did not file their separate summary judgment motion. Rather, Defendants filed a brief agreeing with Acacia that the Court should enter summary judgment of invalidity and noninfringement, but opposing the requested 54(b) certification. *See* Defs.' Feb. 3. 2006 Opp.

Faced with the unusual circumstance of a plaintiff asking for summary judgment against itself, on February 3, 2006, the Court asked for clarification. In response, Acacia confirmed that it was, indeed, moving for partial summary judgment of *in*validity of the '702 patent, and reaffirmed that "[b]ased on the Court's December 7, 2005 Order, the affirmative defense of invalidity is sustained as a matter of law" as to all claims of the '702 patent. Acacia's February 13, 2006 Mem. at 1:12-14. 1:22-2:2. Likewise, Acacia confirmed that, based on the Court's construction of "transmission system at a first location," it was moving for partial summary judgment of *non*infringement of the '702 patent "on the ground that the accused products of the Defendants do not infringe the '702 patent." *Id.* at 2:8-11. Defendants, again, agreed with Acacia that the Court should grant partial summary judgment of invalidity and noninfringement as to all claims of the '702 patent, but argued that a 54(b) certification would be inappropriate. *See* Defs.' February 14, 2006 Mem.

At the hearing on February 24, 2006, Acacia's counsel once again made clear that, under the Court's *Markman II* ruling, there is no dispute that all claims of the '702 patent are both invalid and not infringed:

> The issues about which **we don't have a dispute** are the following: is that based upon this Court's construction of sequence encoder and identification encoder and based upon its most recent determination that those terms are indefinite, and therefore, that any, any claim, claims within the '702 containing those terms are invalid as indefinite, **the legal effect of your order, and I believe we share this view, is that all such claims containing those terms are invalid as indefinite**. . . . [And] the consequence of your determination with respect to [the phrase

> "transmission system at a first location"] is that, is that any, **any claim containing that phrase within the '702 patent we conclude**, based upon, although we have not had discovery, based upon our, our informal analysis of things to date, in terms of the alleged infringing systems, **we could not prove infringement based upon that claim**.

Feb. 24, 2006 Transcript ("Tr.") at 6:22–7:23; *see also id.* at 14:17–15:14 (affirming again that if the Court's *Markman II* ruling is upheld on appeal, its effect "would be to render all of the claims of the '702 patent, that's claims 1 though 42, indefinite, and therefore invalid," and "to render all of the claims of the '702 patent, that's claims 1 through 42, not infringed by the transmission systems used, made, or sold by the defendants in this case."). Thus, "with respect to the '702, we are done, there's nothing more in the '702 that [this Court] can do." *Id.* at 28:7-9.

The Court did not grant partial summary judgment at the February 24, 2006 hearing, however, because after the Court declined to certify such a judgment under Rule 54(b), Acacia withdrew its request for entry of the judgment. Tr. at 36:16–41:14. Accordingly, Defendants now move for partial summary judgment of invalidity and noninfringement as to all claims of the '702 patent.

ARGUMENT

The standard for summary judgment in a patent case is the same as in any other action. *Union Carbide Corp. v. Am. Can Co.*, 724 F.2d 1567, 1571 (Fed. Cir. 1984). "Judgment shall be rendered forthwith if the pleadings, depositions, answers to interrogatories, and **admissions on file**, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law." *Id.* at 1571 n.3 (emphasis added); Fed. R. Civ. P. 56(c). Admissions made in briefs, or at oral argument, by the party against whom summary judgment is sought are treated as "admissions on file" within the meaning of Rule 56(c). *See, e.g.*, 10A CHARLES ALAN WRIGHT, ARTHUR R. MILLER & MARY KAY KANE, FEDERAL PRACTICE & PROCEDURE § 2723 at 390-91 (1998) ("Admissions in the brief of the party opposing the motion may be used in determining that there is no genuine issue as to any material fact . . . since they are functionally equivalent to 'admissions on file'. . . .") (citing cases); *United States v. One Heckler-Koch Rifle*, 629 F.2d 1250, 1253 (7th Cir. 1980) (same); *McKinley v. Afram Lines (USA) Co.*, 834 F. Supp. 510, 512-13 (D. Mass. 1993) (same); *United States v. Dooley*, 424 F.2d 1067, 1067-68 (5th Cir. 1970) (concession at oral argument that there was no factual dispute was grounds for summary judgment); *United States Hoffman Machinery Corp. v. Richa*, 78 F. Supp. 969, 971-72 (W.D. Mo. 1948) (same).

Thus, when the Court, in its role as the interpreter of claim terms, finds a term indefinite, summary judgment of invalidity should be granted. *See, e.g., Datamize, LLC v. Plumtree Software, Inc.*, 417 F.3d 1342, 1356 (Fed. Cir. 2005); *Cardiac Pacemakers, Inc. v. St. Jude Medical, Inc.*, 296 F.3d 1106, 1119 (Fed. Cir. 2002). Likewise, when there is no genuine dispute that the defendants do not infringe a patent claim, the Court should grant summary judgment of noninfringement. *See, e.g., Amhil Enters. v. Wawa, Inc.*, 81 F.3d 1554, 1557-58 (Fed. Cir. 1996). And certainly when the plaintiff itself explicitly concedes that, under the Court's construction, its claims are both indefinite and not infringed, summary judgment of both invalidity and noninfringement should be "rendered forthwith." Fed. R. Civ. P. 56(c); *One Heckler-Koch Rifle*, 629 F.2d at 1253; *Dooley*, 424 F.2d at 1067-68.

Here, the Court has held that "sequence encoder" and "identification encoder" are indefinite, and that every independent claim in the '702 patent is therefore invalid. *Markman I* at 31-36; *Markman II* at 6-18. Acacia has repeatedly conceded that the Court's ruling also renders every remaining claim of the '702 patent invalid "as a matter of law." Acacia's February 13, 2006 Mem. at 1:12-14; *see also id.* at 1:22–2:2; Jackson Decl. Ex. C at 2:18-21; Acacia's Jan. 20, 2006 Mem. at 2:6-10; Tr. at 6:22–7:9; *Id.* at 14:17-24. Indeed, it could not have done otherwise, since every claim of the '702 patent incorporates either "sequence encoder," or "identification encoder," or both, with no further explanation of what those terms mean beyond what this Court has already found to be insufficient. *See* '702 Claims 1-42. Moreover, courts routinely hold dependent claims invalid if the independent claims to which they refer are indefinite.[2] Accordingly, this Court should grant partial summary judgment of invalidity for indefiniteness as to all claims of the '702 patent.

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[2] For example, in *Datamize*, the Federal Circuit held that because the sole independent claim of the patent at issue was indefinite, all of the dependent claims were indefinite as well. 417 F.3d at 1347, 1356. Likewise, in *Cardiac Pacemakers*, the Federal Circuit held "the claim, **and the**

Acacia has also repeatedly conceded that, under this Court's construction of "transmission system at a first location," the Defendants' accused products "do not infringe the '702 patent," and that it "could not prove infringement." Acacia's February 13, 2006 Mem. at 2:10-11; Tr. at 7:10-23; *see also* Acacia's Jan. 20, 2006 Mem. at 2:10-15; Tr. at 15:4-14. Accordingly, this Court should also grant partial summary judgment of noninfringement as to all claims of the '702 patent.

CONCLUSION

For the foregoing reasons, the Court should grant partial summary judgment of invalidity and noninfringement in favor of Defendants on all claims of the '702 patent.

Dated: April 28, 2006

KEKER & VAN NEST, LLP

By: /s/ Dan Jackson
DAN JACKSON
Attorneys for Defendants
COMCAST CABLE COMMUNICATIONS, LLC
and INSIGHT COMMUNICATIONS, INC.

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claims depending from it, invalid for indefiniteness," and made clear that "**[t]his is so notwithstanding the presumption of validity**." 296 F.3d at 1114 (emphases added). In other words, although the presumption of validity applies separately to each claim (35 U.S.C. § 282), that presumption is overcome when the claim incorporates an indefinite term, which a claim dependent on an indefinite claim does by definition. *See, e.g., S3 Inc. v. nVIDIA Corp.*, No. C 98-1938 SBA, 1999 U.S. Dist. LEXIS 23218, at *33, *41-42 (N.D. Cal. August 16, 1999) (finding dependent claims indefinite because they incorporated indefinite term of independent claim); *Young v. Lumenis, Inc.*, No. 2:03-cv-655, 2005 U.S. Dist. LEXIS 27792, at *17 (S.D. Ohio November 1, 2005) ("Because Claims 2 through 5 are dependent on Claim 1, they are similarly invalid for indefiniteness."); *cf. Nat'l Recovery Techs., Inc. v. Magnetic Separation Sys., Inc.*, 166 F.3d 1190, 1198 (Fed. Cir. 1999) ("Because dependent claims 2-8 and 10 stand or fall with independent claim 1, we affirm the district court's judgment that these claims are also invalid under 35 U.S.C. § 112, paragraph 1."); *Chiron Corp. v. Genentech, Inc.*, 363 F.3d 1247, 1260 (Fed. Cir. 2004) ("[T]he validity challenges to the independent claims coincided with the validity challenges to the dependent claims [for lack of enablement]; the sameness of the inquiries permitted the treatment of all claims at once.").